E/AN:ECRodriguez:amp
(Drafting Office and Officer)

DECLASSIFIED

LIMITED OFFICIAL USE

DEPARTMENT OF STATE

Memorandum of Conversation

DATE:

SUBJECT: United States-Italian Aviation Negotiations, Washington, D.C.
Second Session (February 21, 1967; 3:00 p.m.)

PARTICIPANTS: See Appendix A

COPYFLO-PBR

1967 MAR 21 PM 1 06

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY _____ DATE 25 MAY 1982
RDS☐or XDS☐EXT. DATE _____
TS AUTH. _____ REASON(S) _____
ENDORSE EXISTING MARKINGS ☐
DECLASSIFIED ☐ RELEASABLE ☐
RELEASE DENIED ☐
PA or FOI EXEMPTIONS _____

MAR 22 1967

COPIES TO:
E
TT
AN
AIS
CAB (4 copies)
OA
L/E
Amembassy ROME
Amembassy PARIS
Mr. Lister, Department of Transportation

Mr. Loy: We spent some time yesterday analyzing our present situation and where it might lead us. If you would permit me I would like to do two things. I would like to restate some of the issues which perhaps were not clear yesterday and then I would like to make some observations on Italian Doc. #3 on customs, which you delivered yesterday.

Italian Misconceptions of USG Aviation Policy.

First, there were some things said yesterday that disturbed me. Without meaning to be facetious, I think the thing that scared me the most was that I was not scared. In some respects I think I should be. In order to avoid the morass we have been in before, I want to say that we are willing to listen and discuss the things which caused you to denounce the old agreement. But we do not sit here with authority to make fundamental changes in U.S. aviation policy. Not to be too indirect about it, I would think that it would be a great miscalculation on the part of the Italian delegation if it had any idea that actions which we have taken or contemplated with respect to Mexico or the recent change in our internal certificates with respect to Ireland have any relevance to the sound relationship which we would like to establish with Italy. I can elaborate on that, but only want at this time to say we have to get out of our systems some of these misconceptions. I don't know how we can make any agreement unless we have a correct understanding of these issues.

FORM DS-1254
3-61

LIMITED OFFICIAL USE

DECLASSIFIED

GPO 908982

DECLASSIFIED

Capacity Issue Has Hampered Agreement on Routes.

Second, you indicated in Rome and yesterday that you are concerned about the extent of your rights to and from the U.S. and beyond. Let me say that we have been hampered in discussing routes before by our inability to resolve capacity. When I put capacity at an advanced level of importance I don't do it lightly.

Cannot Resolve Route Issue Without Agreement on Capacity.

Third, I think we are being practical in our strong desire to get some understanding first on whether we have a meeting of the minds on the basis of an agreement we are going to sign. Because in our minds it is impossible to make meaningful evaluations of route exchanges, if we don't know under what terms those routes are to be served. I think I explained in Rome how we approach the route issue; that it is focused on the concept of value. However, the value of a route is very much dependent on the freedom to exploit the route. So, Mr. Ambassador, I realize some of this is somewhat repetitious, but I did get the notion from our talk yesterday that there was a feeling we were off on some mental frolic of our own when we discuss principles. This is not the case.

US Comments on Italian Customs Proposal.

Let me say one word about your document with respect to customs. We have not had an opportunity to examine the full significance of your customs proposal, but I don't think I can leave this document on the table without saying this to you. You have indicated to us that it is important to wipe away the history which you find to be unsatisfactory, that on May 31 the 1948 agreement is dead. What happens after May 31 is the subject matter of our meeting. If on May 31 we have an agreement on an ad referendum basis, I don't see any difficulties that any able lawyer cannot solve. If there is no agreement, I don't know what will be the situation after May 31. That is something we have not fully worked out and we would obviously have to discuss. I think it is important to make clear that after May 31, we would not be in a position to simply continue service without making it clear on what basis they were being continued. That basis could not be one which does violence to our basic principles. With that note I would like to say that in that framework we will continue to study the proposal you have made. All of this leaves me in some quandry, and I would be grateful if you would tell me how we get out of it.

Ambassador Capomazza: Mr. Loy, I will try to answer what you have said. I must say that yesterday you were very brilliant; today instead you are rather obscure. You have spoken again on the subject of your principles. We know very well the propositions

DECLASSIFIED

DECLASSIFIED

we have made are not 100 percent in accord with your principles. We are here to discuss the way in which we can arrive at an agreement which would bridge these two positions. You have spoken in very vague terms about the note I presented yesterday. We noted that when the new agreement comes before Parliament it will take some time to have it ratified, and we thought it would be better to have this clause extended. We hope we will reach a new agreement by May 31, but if we don't we want this dause prolonged by an exchange of notes. We have not thought of what will happen after May 31. It is not easy for us to foresee how our relations will proceed and that is why we feel we have to reach an agreement. I believe you accepted yesterday my idea on the order of priority of the three issues I mentioned, and that today we will discuss the routes.

Italian Motives for Customs Proposal.

On the problem of routes I would like to say a few things. We wanted to exchange route requests. We have presented a route schedule, but you have not actually presented a route schedule. Instead, you have sent us the U.S. route objectives. These two quantities are not homogenous. We would like very much to discuss this issue, but so far we do not have your route schedule. One of the reasons we denounced the agreement was that you had many rights and we had very few. We have had to limit ourselves to the three points in the U.S. We should take up this route problem in a friendly way, but you have not presented a route schedule. It seems to me the procedure for these discussions is not difficult. But you suspect everything and read implications into everything. Even this customs clause is motivated by the best intentions on our part but you suspect it. Why can't we have a definite route schedule from you? How can we evaluate it if we don't have it?

US Route Proposal Should be Specified.

Mr. Loy: You may have difficulty understanding our position but I don't have any difficulty getting your message. You want to talk about routes. I guess we could sit here another day and reiterate these points, but let me put it this way. I hope that, despite some occasional obscurity, the essentials of my message have been received. We do have certain limitations on us and, quite frankly, we have to try to explain them. We do not think there should be a stumbling block to achieving an agreement, at least we did not think so until we received your draft agreement. It must be understood that everything that we say with respect to routes or otherwise is within the context of an agreement which meets the policy aims we have followed with almost every other country. At least every country comparable to Italy. However, if that is quite clear, and is understood,

US Policy Limitations.

DECLASSIFIED

DECLASSIFIED

we will talk about routes. We have some reservations that this is the right order. But we will do it so long as it is clear that routes do not do any good without an agreement; that we are in no position to sign an agreement which breaches the policies which we advocate, and intend to continue to follow; policies which I think we can follow in our dealing with Italy to the injury of no one.

Probable Pattern of US Routes.

You want us to be more specific about our route requirements. I guess it is somewhat apparent that we don't want to be too specific. In part, this is because we have a traffic pattern emanating from the U.S. which is very wide; which is largely composed of American travelers; which we want our carriers to have the right to carry. I am not prepared to give you any specific cities or even countries that we want to serve between the U.S. and Italy, or beyond Italy. But I think that you are exaggerating the difficulty under which you labor because you do not have a precise description which names countries or cities. Speaking of the intermediate points, you know the points we operate now. If you ask what we want we would say we certainly want those points, and we might say some others but not many. In any event I don't think the others would substantially affect the value. If you ask what we want beyond Italy, I think we have outlined two bands: One in an eastern direction through Asia and back to the U.S., and the other going through North and East Africa to South Africa. I am not sure that the specific points are that important to the value of the route. If you ask what we want we are reluctant to do it because we would put ourselves in a position where we would be unable to make a sound business judgment regarding specific routes serving the various countries in Africa or Asia. To be more specific, we would be restricted by Italy.

Points in Italy Desired by US.

That leaves us with the question of what we want in Italy. I suppose our answer is also apparent from the route schedule we gave you. We want the right to serve Milan and Rome, and I would say if you want it in terms of routes we would want a route from the U.S. via intermediate points to Milan. The second route would be from the U.S. via intermediate points to Rome, and beyond Rome there would be these two bands I described. That has not been spelled out in great detail, but it gives you a fair idea. That is not everything that we have now, and it does not involve the flexibility of a totally open beyond. But it is, I think, precise enough. If the intermediate problem bothers you, you are in a position to discuss what bothers you.

DECLASSIFIED

DECLASSIFIED

Essentially we want what we have, and, if you ask us to name something else, we would have to be given an incentive to do so. That is essentially what our aims are in Italy.

Commercial Basis for Route Exchange.

How do we go on talking about routes - let me tell you how we see the problem. You have said you are unhappy about the situation. There are various ways you can go about exchanging routes, but we think only one makes a great deal of sense. That is essentially to recognize that when routes are exchanged, one exchanges rights to make money, commercial rights of great value. We would have to have a route exchange roughly equivalent in value. We have made estimates of what we consider to be the value of the routes I have just outlined to you, which are suggested by the document we delivered to you, and we are prepared to grant to the Italian carrier rights in value terms equivalent to ours. However, we look at your route request and we don't know where to go. It talks about service to 9 U.S. points, interlaced very much like a U.S. domestic carrier, connected with each other, going off beyond these points in quite different directions. I don't know of any other country that has that many points in the United States outside of our neighboring countries of Canada and Mexico. The value of your route request is out of the question. It is not in the same ball park with what we are talking about. That leads me to say two things. If the Italian delegation shares our approach as to how to go about exchanging routes, then I would say that the best next step is for you to consider paring down your request to a more manageable size; to where it would be in balance with our route request. I would like to have your views on the basis of approach to this route exchange.

Italian Reference to US-UK Agreement.

Ambassador Capomazza: I must say that I am very disappointed at the way our work is proceeding, or perhaps I should say not proceeding. I have accepted this difficult assignment because I felt that among friends, as we are, methods of frankness could be used. Our intentions, however, appear to be mistrusted. You want to indict us for everything we say. We hope sincerely we can arrive at an agreement with you. We cannot do this if we keep beating around the bush. In Rome we said you could retain the routes you have. But we need to have a route schedule to evaluate. We are friends, we should be able to discuss this subject like friends. I have looked at some of your other agreements. Here is the one you have with the U.K. It specifies 40 or 50 points. We have given you our desire. I came here to make an agreement, not to beat around the bushes. We have to have the feeling that we are treated by you as other countries are treated. We have presented our route schedule and you indict

DECLASSIFIED

DECLASSIFIED

us for that. We are ready to discuss these points. We do not want to restrict the American carriers in Italy. We want you to be just as precise with Italy as you are with other countries. So, I say you should make an effort to present us with a route schedule specifying these points rather than on the theory of the bands. Once we have these two route documents, yours and ours, we will be able to examine them with you and to evaluate the values. How can we evaluate bands against points.

Mr. Loy: Mr. Ambassador, it is not my purpose to indict the Italian delegation. It is my purpose to see if we can find a way of arriving at an agreement. I am quite aware that I have said rather forcefully what troubles us about the proposals you have made. We propose to arrive at an agreement rather than make it impossible. I have not suggested that anything you are suggesting to us is in any sense immoral, or illegal. (Ambassador Capomazza added, "or fattening.") I am fully aware that there are various ways in which agreements can be achieved and various ways in which routes may be exchanged. It could be that we see things so differently that without anybody being right or wrong we just differ. I am not saying we are right on all of the principles we are talking about, or that you are wrong. I have said some of the fears that you have been discussing are an illusion. You are upset that we have not been more specific on routes. You point to the agreement with the U.K. We could, I suppose, have a similar route schedule in an agreement with Italy. I think, but am not sure, that the agreement with the U.K. is the only agreement in which we have 4 columns of traffic points.

US Proposals Not Different from Other US Agreements.

I would like to state that your feeling that in some way or other we are trying to achieve an arrangement with Italy which is different from our other route agreements is wrong. We have not proposed something to you which is unduly unspecified. Now you would like us to be more specific. I have indicated why I am unhappy about that. You are in one breath asking for an agreement which vastly expands your rights to and through the U.S., and asking us to substantially limit ourselves in our operations. We have been reluctant to do that. I do believe, however, that that should not make impossible, by any means, the kind of analysis that we thought desirable of your route suggestions as compared with ours. I suggested a number of intermediates, and we would certainly want what we are serving and perhaps a few more. Is that satisfactory? Would you prefer to have more, fewer or open intermediates. As we see it, intermediates are also a question of value. There is a difference in the earning power of the intermediates in Europe for Italy and for the U.S. The intermediate points in Europe are a lot more valuable for Alitalia, because they involve trans-Atlantic services, than they are for U.S. carriers. If you really think it is important, we could add a half dozen points and say we want them as intermediates.

DECLASSIFIED

DECLASSIFIED

As far as points in Italy are concerned, we have mentioned the two Italian cities we are interested in. I don't have a good idea of the American cities you are interested in. I am not prepared to say that 8 or 9 American cities are of equal importance to you as Milan and Rome are to us.

Value of US and Italian Routes Must be Equivalent.

As far as the beyond rights are concerned I can't tell whether your concern is one of value, or one of concept. But I do point out we have been serving beyond Italy for 20 years and it seems to me you have a good idea of where we operate. So we are not operating totally in the dark. We have come pretty close to a start in describing to you what we want. If you want us to cut that down we can do that, but the value will go down. It does not take a very profound examination to come up with the conclusion that what you have listed is too much. An alternative approach is to take the present situation, compute the value of that to Alitalia, and start adding a few of the additional rights contemplated in this list. You immediately come to enormous values. Take for example, your route number 3 which includes New York, Chicago, Los Angeles and/or San Francisco and on to Tokyo. This route involves new rights from London to Chicago, London to San Francisco or Los Angeles, New York to Tokyo, Chicago to Tokyo, etc. I don't think I am being the least bit unreasonable when I suggest it is somewhat hard to figure out what kind of routes you want. If you think our route request, as we stated it, is too broad, we are in a position to considerably reduce it, but the value goes down. Furthermore, I don't think it is a very good idea. Aside from that, I am not sure as long as we have an agreement between us, that it makes much difference to you where we go beyond Rome; whether we go 1000 miles from Rome or 3000 miles; whether we go to Rangoon or Bombay. I am not sure that it is very sound to want to restrict our schedule and I am not sure it hits at the problem of this menu of routes you have proposed to us. I would like to repeat my suggestion that it would be useful to us to understand on what basis you think we can make a route deal and how we deal with this very substantial request you have made. This is something we cannot grant in its present form and I am quite open to suggestions.

Ambassador Capomazza: I would like to stress three points. First, looking at the wording of your route objectives, you say services conducted by American airlines have demonstrated the appropriateness and soundness of the present American route schedule with Italy. This means you are satisfied. In spite of the fact that you are satisfied you are asking practically

DECLASSIFIED

DECLASSIFIED
DEPT. OF STATE - OFFICIAL USE

for all the world because we do not see much of the world missing in your route statement. If you are satisfied, don't you think we who are unsatisfied have something to ask? You have been discussing our route schedule, mentioning the many points we have asked for in the U.S. and the value of the intermediate points. You say our intermediates are more valuable to us than yours are to you, but you have not said anything about the beyond rights we have asked.

Route Exchanges Cannot Always be Balanced.

I think we have the right to have an indication of the points of your schedule for the purpose of reciprocity. You have done it with other countries and we would like it done with us. Only when we are in possession of this, can we establish the value of the routes. That is why I don't like to discuss principles instead of facts. That is why I mentioned yesterday and in my letter from Rome that routes should be given priority. Because, when you speak of the value of routes then you establish a commercial notion, but a country gives what is has. We have agreements with Austria, Belgium and Holland for example. They each give us one point but get three points in Italy in return. You are a big country and also have a large Italian population. We may ask a certain number of points which seems an exaggeration to you. We may be able to work out an agreement on that.

You have not said a word about our beyond points and you know it is very much in the minds of the Italians. Supposing I had to send a telegram tonight to our government; what would I say? I don't know. I think we have to be patient and not be discouraged, and I assure you we are ready to start discussing and to try and arrive at an agreement that would be fair to both of us and be in line with the friendship between our two countries.

Now that we have to modify the agreement it appears hard to you, but we can say that what we have asked for is fair. When we say we want you to specify your points, we don't mean we want to restrict them. We use this system with all the other countries. We would like to hear something about our beyond points.

Mr. Loy: In our discussions in Rome we touched on this and I might repeat a word or two. We said that when we talk about routes we have to have some criterion. We think the first rule in the criterion that we use is one of equivalence in value. That goes for the route schedules as a whole. We have a problem in dealing with beyond rights, which arises from our feeling that the essential purpose of an air agreement between two countries is to provide for services between those two countries. We are generally reluctant to suggest agreements which contemplate that either country operate a route essentially for the purpose of

DECLASSIFIED
DEPT. OF STATE - OFFICIAL USE

DECLASSIFIED

carrying traffic between the other country and a third country. That goes for us as well as for everyone else. We would consider it undesirable to establish a system where the U.S. operated a route for the principal purpose of carrying traffic between Rome and some other point in a third country. Likewise, we think it is not particularly good practice to make arrangements which involve another country, Italy or any other country, in carrying traffic between the U.S. and a third country. That is a limitation we have and a limitation we try to follow. We have from time to time made arrangements where another country carries traffic from the U.S. to a third country. We don't think it is wise or in our interest. These are the limitations we have to discuss when we talk about beyonds. This does not mean that beyond rights are out of the question. It doesn't mean that, in other cases, or in this one.

Objection to Fifth Freedom Routes.

By reverting to the first criterion, that is, the equivalence of values, certainly the beyond rights are an element in the valuation. They are valuable. Our rights beyond Italy are something we are interested in, otherwise we would not be having these discussions. They are an element in the value. If you had to cable Rome tonight, you could say that we are prepared to consider any particular proposal on your list, including the beyonds. I am not suggesting we are prepared to agree on any of them. But a combination of those beyond rights, with the rights you proposed in the U.S., plus the intermediates are too big a bite. If you want to focus on the beyonds, one way would be to reduce the size of the over-all package. You will note that when we suggested our route pattern and said we were interested in beyonds, we suggested that we have only two points in Italy.

Value of Beyond Rights Must be Evaluated.

I would say you should consider all parts of your package and tell us what is critical to you. I am not asking what point you think is fair until a deal is made. I am not asking what kind of an agreement you would be prepared to sign with respect to routes. But this wholesale operation won't work.

You mention some of the other countries with whom we deal. I think you will find that if we accept even a large part of your proposal, we would be entirely unfair with those other countries. If you look at the U.K. you run into problems because of the pieces of real estate which the U.K. controls around the world. But look at our arrangement with Germany, for example, and compute the value of your proposal. See what they have and compare that with what you propose. I think you would have to agree that what you propose is excessive. You could do that with other countries.

Comparison of Italy with Germany.

DECLASSIFIED

DECLASSIFIED

The agreement with Germany was the subject of a very extensive and very critical congressional inquiry on our side and there was great criticism about U.S. negotiators making that deal. It is not a deal we are prepared to repeat. I say this to indicate my feeling that we do not have a manageable package in routes from you. We do not have even a rough idea of what you think that is worth, in what order these things are important to you. We are prepared to consider all parts of it, but not all together. At this stage all I want is what is really important and some explanation as to how you go about seeing what is a fair exchange. I am reluctant to suggest to you what your priorities should be. If I start working with this I would be working in the dark. That is our present dilemma. May I suggest that I am fully aware that what I am saying is difficult to you and for us. If you would like to consider this and take it up at our next session, we can do it, although I am prepared to discuss it now.

Italian Traffic Potential More Valuable than Germany's.

Ambassador Capomazza: First of all, I would like to say a word about the comparison you made with Germany and the trouble you ran into with your Congress. I hope you don't run into any with our agreement. If I can come and testify, I'll be glad to. Frankly, you cannot compare the geographical position of Germany with Italy. Berlin creates a unique situation, and Germany has a large traffic principally because of the troops. The use your carriers have made of Italy shows without doubt the importance of this country and the extent to which you have used and exploited it, which was your right. So a comparison of Germany and Italy, is very much in favor of Italy. Our position is very much more favorable and Italy should be considered by you as a country which has much more to offer than Germany.

We don't ask for any particular priority. We would like to discuss these points with you. I hope this lengthy discussion has clarified our different points, if we want to really start working on pinning down our differences, let's start examining them.. What do you mean by value? We don't know. Perhaps you can explain. Shall we give you time to specify your schedule in a more comparable way? We would not mind celebrating Washington's birthday tomorrow but will do what you say. We are ready to meet from six in the morning to six at night if you wish.

Mr. Loy: Let me suggest this. Let us not meet tomorrow, but meet instead Thursday morning. I would be prepared to consider any counter suggestions to bridge our differences. In the meantime we would prepare to spell out for you in greater detail

DECLASSIFIED

DECLASSIFIED

what we mean by these values we have been talking about. What we consider to be the value of what we have proposed and why we consider your proposal to be out of the question in its present form. We have done some of that work, but would not be prepared to present it tonight. I do not think this would be useful unless you would be prepared to respond in like fashion. We want to know what you mean by value, so that perhaps we can work on the same basis.

Means of Evaluating Routes.

In 1965 when we discussed this subject in Rome we had lengthy and complicated talks about the way one goes about valuing the rights granted in an agreement. There are several ways. We would be prepared to discuss this roughly in the manner which we would understand to be the manner in which the Italians would go about this. This is essentially an attempt to put dollar value on a route which takes into account the ability to pick up and discharge passengers and cargo on that route. In doing so we would rely, with respect to routes that are parallel to those in the existing agreement, very largely on historical data. That is, we would evaluate the route Rome-New York for example by looking at what has happened on that route. What are the benefits derived? We would do that with the other routes. With respect to routes not in the present agreement but which are proposed, we would have to make estimates, if that is helpful. It is essentially by this process that we have concluded that the present proposal of the Italian delegation is enormous. We think the evaluation of our proposal is not that difficult because it reflects in most part the current pattern. That is what we would propose to do. Sometimes that is not easy, sometimes it is not so hard. We would expect the Italian delegation to have views on its requests, and for the Italian delegation to give us a reciprocal analysis. That may be the best way to proceed.

Ambassador Capomazza: First of all I would like to say on this problem of your route schedule that we consider we have not received a route schedule from you. What you have given us would not have been accepted, if you had given it to us in Rome. I think we should start Thursday by receiving your piece of paper with a route schedule and then we hope we will be able to evaluate your route.

Mr. Loy: Mr. Ambassador, I am sorry if you feel we have not kept our end of the bargain to exchange route schedules. There are a lot of words in the documents which we delivered to you which are not usually found in the route schedule attached

DECLASSIFIED

DECLASSIFIED

to an agreement. But I also suggested and I was trying to explain what was important to us. It is entirely possible to consider that route statement and to put a value on it. We will consider what you suggest. But in order to permit you to consider this on your part, let me suggest to you in terms usually found in schedules annexed to agreements of the U.S., what the U.S. has in mind.

Routes Contemplated by US.

The U.S. has two routes in mind which might be generally described as follows: First, a route from the U.S. via intermediate points in Europe to Milan. Second, a route from the U.S. via intermediate points in Europe to Rome, and beyond Rome (a) via intermediate points across Europe, North Africa, Asia, and beyond via intermediate points to the U.S., and (b) via intermediate points in Greece and Africa to East Africa and via intermediate points to South Africa.

I am not trying to be cute. I consider that to be a reasonable and useful proposal. It is not out of line with those we have with many other countries. It is substantially more restricted than the description in the present agreement. It can be evaluated in large part by reference to the Official Airline Guide, which shows the kind of operations we are now conducting. Naturally, that changes, but nevertheless the pattern is set. If there are elements in that point, cities or areas, which you would consider improper or undesirable as intermediate or beyond points for very specific reasons, we would be prepared to discuss that. But let me stress again that we consider it a basic aim of ours to permit U.S. carriers to serve the needs of the U.S. traveling public and those needs are fairly far flung. If you say to me that you want a much smaller agreement with narrower rights, I will reply that we are willing to take narrower rights, but you will consequently have to narrow yours. Under those circumstances we should consider if it is in our mutual interest to substantially narrow the traffic rights. I am reluctant to narrow our rights much below what I have indicated, while at the same time I am faced with greater expanded proposed rights for the Italian carrier. So, I suggest to you that it would be worthwhile to consider whether our description is not one that is a practical one that can be considered and evaluated. We will consider and evaluate your proposal in the aggregate as you have presented it.

Ambassador Capomazza: Then you are prepared to give us when we meet again, besides these evaluations, a piece of paper in which you list your route requests?

Agreement to Give Italians New US Route Description.

Mr. Loy: We will give you a piece of paper as you request, which will read more or less as I was attempting to state orally. If we may, we will deliver it to your Embassy this evening or

DECLASSIFIED

DECLASSIFIED

tomorrow morning. Let me just stress one more point, with reference to the phrase "via intermediate points in Europe." This is a route formulation which we have in numerous agreements, under all of which we seem to have good and happy relations. It offers a flexibility, which I recognize can only be partially used, but it does offer flexibility. If this is a problem for you, we might be in a position to consider what those complications are.

Ambassador Capomazza: I thank you very much for the effort you are trying to make in coming to my point of view. I think I would appreciate it very much if you would give us this document specifying the intermediate and other points. You are saying that we have been excessive with our request. We have been very honest because we have specified what we want. Once we have a clear picture of what both sides want maybe we can come to an understanding. What I want is an agreement to eliminate all future dissension, and I thank you for having come to our point of view on all this.

Mr. Loy: Mr. Ambassador, we are going to present to you at your Embassy either tonight or tomorrow morning the document that we consider to be appropriate in these circumstances. I think the best thing is to discuss these proposals Thursday at 10:00 a.m.

The session was adjourned at 6:25 p.m.

DECLASSIFIED

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	MON. TUE. WED. 5	MON. TUE. WED. 4	MON. WED. THU. 3	TUE. WED. THU. 2	TUE. THU. FRI. 27	WED. THU. FRI. 1	TUE. WED. THU. 3	MON. WED. THU. 6	TUE. WED. THU. 7	WED. THU. FRI. 8
ALL	X	X	X	X	X	X	X	X	X	X
[illegible]	X	X	X	X	X	X	X	X	X	X
[illegible]		X	[illegible]	X	X	X	X	X	X	X
[illegible]	X	X	[illegible]	X	[illegible]	[illegible]		[illegible]		[illegible]
[illegible]	X	X	X	X	[illegible]	[illegible]	X	[illegible]	X	X
[illegible]	X	X	X	X	X	X	X	X	X	X
[illegible]	X	X	X	X	[illegible]	X	X	X	X	X
[illegible]	X	X	X	X	X	X	X	X	X	X
[illegible]			X						X	
[illegible]						X				
[illegible]	X	X	X	X	X	X	X	X	X	X

Appendix A
Page 2

	(1) [illegible] 0	(2) [illegible] 21	(3) [illegible] 48	(4) [illegible] 61	(5) [illegible] 67	(6) MED. MER. 1	(7) PAR. MAR. 2	(8) MON. MER. 6	(9) TUES. MER. 7	(10) WED. MER. 8
[illegible]	X	X	X	X	X	X	X	X	X	X
[illegible]	X	X	X	X						
[illegible]	X	X	X	X	X	X	X	X	X	X
[illegible]	X	X	X	X	X	X				
[illegible]	X	X	X	X	X	X	X	X	X	X
[illegible]	X	X	X	X	X	X	X	X	X	
[illegible]	X	X	X	X	X	X	X	X	X	X
[illegible]	X	X	X			X	X	X	X	X
[illegible]				X	X					
[illegible]	X	X	X	X	X	X	X	X	X	X
[illegible]	X	X	X	X	X	X	X	X	X	X
[illegible]	X	X	X	X	X	X	X	X	X	X

DECLASSIFIED